

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION                     )  
OF DELMARVA POWER & LIGHT COMPANY            )  
FOR REVIEW OF THE ENERGY EFFICIENCY            )       PSC Docket No. 17-0985  
PROGRAM RECOMMENDATIONS OF THE                )  
DELAWARE ENERGY EFFICIENCY                     )  
ADVISORY COUNCIL (Filed August 18, 2017)        )

ORDER NO. 9453

**WHEREAS,**

1.       In 2014, Delaware enacted the 2014 energy efficiency amendments to the Delaware Energy Act<sup>1</sup> (the “EE Amendments”).<sup>2</sup> The EE Amendments provided for a collaborative process via the creation of the Energy Efficiency Advisory Council (“EEAC”) to recommend to the Delaware Public Service Commission (the “Commission” or “PSC”) “energy efficiency, peak demand reduction and emission-reducing fuel switching programs..” for Delaware energy providers.<sup>3</sup>

2.       In August, 2017, Delmarva Power & Light Company (“Delmarva” or “DPL”) filed an application (“Application”) with the Commission seeking approval of a two-part energy efficiency program consisting of: (1) a three-part consumer products program (the “Consumer Products Program”) and a behavior-based program (the “Behavior-Based Program,” together the “EE Programs”) and (2) its proposed rate recovery mechanism all as recommended and approved by the EEAC.

3.       According to Delmarva’s projections contained in its original Application, the total cost of the EE Programs would be \$17.6mm over a three (3) year period, costing the

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<sup>1</sup> 29 Del. C. §8501 et. seq.

<sup>2</sup> 29 Del. C. §8059(h).

<sup>3</sup> 29 Del. C. §8059(h)(1).

average Delmarva customer \$.20/month in year 1, \$.63/month in year 2 and \$.10/month in year

3. However, Delmarva's total return calculation, approved by the EEAC, projected net consumer savings greater than the costs of the program.

4. In September, 2017, the Commission created this docket to consider Delmarva's Application. Shortly thereafter, the Division of Public Advocate ("DPA"), the Delaware Department of Natural Resources and Environment Control ("DNREC") and Chesapeake Utilities Corp. ("Chesapeake") intervened in the docket.

5. After filing original testimony, answering testimony, reply testimony, supplemental testimony and discovery, Delmarva's projected costs for the EE Programs were reduced \$5+mm from a projected \$17.6mm to a projected \$12mm. Nevertheless, DPA and Staff continued to oppose all of or parts of Delmarva's Application. DNREC continued to support Delmarva's Application.

6. DPA testified that Delmarva should have sought other funding sources for the costs of the program; including a \$4mm "set aside" fund for low income consumers provided in the settlement of the Exelon/Delmarva merger docket (PSC Docket 14-193) and coordinated more closely its energy efficiency programs with the Sustainable Energy Utility ("SEU"). DPA also opposed, in particular, the Appliance Rebate Program, one of the three (3) programs subsumed in the Consumer Products Program, as it did not project to be cost-effective in Delmarva's projections. Staff was more supportive of the entire EE Programs but also opposed the inclusion of the Appliance Rebate Program as not being cost-effective.

7. After several postponed and rescheduled evidentiary hearings, at the August 6, 2019 evidentiary hearing the parties announced that they had settled their differences and had

signed a settlement agreement (“Settlement Agreement”)<sup>4</sup> resolving all of the contested issues of this docket.

8. The Settlement Agreement removed the much-contested, non-cost effective Appliance Rebate Program and reduced the cost amortization period from five (5) years to twelve (12) months computed at Delmarva’s long term debt rate as opposed to its rate of return on its equity. The total three (3) year projected costs that were originally project to be \$17.6mm, then \$12 were ultimately reduced to \$8.4mm. The Settlement Agreement also provided for a continuing consultative process going forward.

9. Witness for Delmarva, DPA and Staff all testified that the provisions of the Settlement Agreement were “just and reasonable” and “in the public interest.” DNREC, not being a party to the Settlement Agreement, did not oppose the Settlement Agreement nor did Chesapeake. No person attended any of the three (3) public comment sessions throughout the State.

10. In his Findings and Recommendations, the Hearing Examiner, after developing and considering the full record in this docket and conducting an evidentiary hearing, recommended to the Commission approval of the Settlement Agreement.<sup>5</sup>

**AND NOW, THEREFORE, ON THIS 12<sup>th</sup> DAY OF SEPTEMBER, 2019, IT IS HEREBY  
ORDERED BY THE VOTE OF NO FEWER THAN THREE COMMISSIONERS:**

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<sup>4</sup> A copy of the Settlement Agreement is attached hereto as Exhibit B.

<sup>5</sup> A copy of the Findings and Recommendations of the Hearing Examiner is attached hereto as Exhibit A.

11. The Commission hereby adopts the August 14, 2019 "Findings and Recommendations of the Hearing Examiner" attached hereto as Exhibit A.

12. The terms, conditions and provisions of the Settlement Agreement, a copy of which is attached to this Order as Exhibit B, as agreed to by the Staff of the Commission, the Division of Public Advocate and Delmarva Power & Light Company, being just and reasonable and in the public interest, are **HEREBY APPROVED**.

13. The Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

**BY ORDER OF THE COMMISSION:**

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Chairman

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Commissioner

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Commissioner

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Commissioner

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Commissioner

ATTEST:

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Secretary

**“Exhibit 1”**

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION )  
OF DELMARVA POWER & LIGHT COMPANY )  
FOR REVIEW OF THE ENERGY EFFICIENCY )  
PROGRAM RECOMMENDATIONS OF THE )  
DELAWARE ENERGY EFFICIENCY )  
ADVISORY COUNCIL (Filed August 18, 2017) )

PSC Docket No. 17-0985

**FINDINGS AND RECOMMENDATIONS OF THE HEARING EXAMINER**

DATED: August 14, 2019

GLENN C. KENTON  
HEARING EXAMINER

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Exhibit “1” Order

Exhibit “B” to the Order – The Settlement Agreement

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IN THE MATTER OF THE APPLICATION           )  
OF DELMARVA POWER & LIGHT COMPANY    )  
FOR REVIEW OF THE ENERGY EFFICIENCY    )       PSC Docket No. 17-0985  
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ADVISORY COUNCIL (Filed August 18, 2017)   )

**FINDINGS AND RECOMMENDATIONS OF THE HEARING EXAMINER**

Glenn Kenton, having been appointed to act as Hearing Examiner in this matter by PSC Order No. 9222 (August 18, 2017), submits the following Report to the Commission.

**I. APPEARANCES**

On Behalf of the Applicant Delmarva Power & Light Company (“Delmarva,” “Delmarva Power,” or “DPL”):

By:           LINDSAY B. ORR, ESQ.  
              Assistant General Counsel, Exelon Corp.

On Behalf of the Delaware Public Service Commission (“Staff” or “Commission Staff”)

By:           JAMES GEDDES, ESQ.

On behalf of the Division of the Public Advocate (“Public Advocate” or “DPA”):

By:           REGINA A. IORII, ESQ.  
              Deputy Attorney General, Delaware Department of Justice

On behalf of the Delaware Department of Natural Resources and Environmental Control (“DNREC”):

By:           DEVERA SCOTT, ESQ.  
              Deputy Attorney General, Delaware Department of Justice

On behalf of Chesapeake Utilities Corp (“Chesapeake”):

By:           WILLIAM F. O’BRIEN, ESQ.  
              Associate General Counsel, Chesapeake Utilities Corp.



## II. EXECUTIVE SUMMARY

1. In 2014, Delaware enacted the 2014 energy efficiency amendments to the Delaware Energy Act<sup>6</sup> (the “EE Amendments”).<sup>7</sup> The EE Amendments provided for a collaborative process via the creation of the Energy Efficiency Advisory Council (“EEAC”) to recommend to the Delaware Public Service Commission (the “Commission” or “PSC”) energy efficiency, peak demand reduction and emission-reducing fuel switching programs..” for Delaware energy providers.<sup>8</sup>

2. In August, 2017, Delmarva filed an application (“Application”) with the Commission seeking approval of a two-part energy efficiency program consisting of: (1) a three-part consumer products program (the “Consumer Products Program”) and, (2) a behavior-based program (the “Behavior-Based Program,” together the “EE Programs”) together with its proposed rate recovery mechanism, all as recommended and approved by the EEAC.

3. According to Delmarva’s projections contained in its Application, the total cost of the EE Programs would be \$17.6mm over a three (3) year period, costing the average Delmarva customer \$.20/month in year 1, \$.63/month in year 2 and \$1.10/month in year 3. However, Delmarva’s total return calculation, approved by the EEAC, projected net consumer savings greater than the costs of the program.

4. In September, 2017, the Commission created this docket to consider Delmarva’s Application. Shortly thereafter, DPA, DNREC and Chesapeake intervened in the docket.

5. After filing original testimony, answering testimony, reply testimony, supplemental testimony and discovery, Delmarva’s projected costs for the EE Programs were reduced \$5+mm

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<sup>6</sup> 29 Del. C. §8501 et. seq.

<sup>7</sup> 29 Del. C. §8059(h).

<sup>8</sup> 29 Del. C. §8059(h)(1).

from a projected \$17.6mm to a projected \$12mm. Nevertheless, DPA and Staff continued to oppose all of or parts of Delmarva's Application. DNREC continued to support Delmarva's Application.

6. DPA testified that Delmarva should have sought other funding sources for the costs of the program; including a \$4mm "set aside" fund for low income consumers provided in the settlement of the Exelon/Delmarva merger<sup>9</sup> ("Exelon Merger Docket") and coordinated more closely its energy efficiency programs with the Sustainable Energy Utility ("SEU"). DPA also opposed, in particular, the Appliance Rebate Program, one of the three (3) programs subsumed in the Consumer Products Program, as the program did not project to be cost-effective in Delmarva's projections. Staff was more supportive of the EE Programs, but also opposed the inclusion of the Appliance Rebate Program as not being cost-effective.

7. After several postponed and rescheduled evidentiary hearings, at the August 6, 2019 evidentiary hearing the parties announced that they had settled their differences and had signed a settlement agreement ("Settlement Agreement")<sup>10</sup> resolving all of the contested issues of this docket.

8. The Settlement Agreement removed the much-contested, non-cost effective Appliance Rebate Program and reduced the cost amortization period from five (5) years to twelve (12) months computed at Delmarva's long term debt rate as opposed to its rate of return on its equity. The total three (3) year projected costs that were originally estimated to be \$17.6mm and then reduced to \$12mm were further reduced to \$8.4mm in the Settlement Agreement. The

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<sup>9</sup> PSC Docket 14-193.

<sup>10</sup> A copy of the Settlement Agreement is attached hereto as Exhibit B to the form of Order.

Settlement Agreement also provided for a continuing review and consultative process going forward.

9. Witness for Delmarva, DPA and Staff all testified that the provisions of the Settlement Agreement were “just and reasonable” and “in the public interest.” DNREC, not being a party to the Settlement Agreement, did not oppose it nor did Chesapeake.

10. Having reviewed the (voluminous) filings in this docket and heard the testimony of the witnesses at the evidentiary hearing, I concluded that the Settlement Agreement was “just and reasonable” and “in the public interest” and recommended its approval to the Commission.

### **III. PROCEDURAL HISTORY**

11. On March 7, 2016, Delmarva submitted a request to the Commission to establish a regulatory asset pursuant to the EE Amendments.

12. In PSC Order No. 8879 dated August 23, 2016, the Commission permitted Delmarva to establish a regulatory asset as to the costs incurred arising out of the activities and programs recommended by the EEAC created by the EE Amendments.

13. On August 18, 2017, pursuant to the EE Amendments, Delmarva filed its Application with the Commission requesting approval of its proposed energy efficiency programs which consist of (1) a Consumer Products Program and (2) a Behavior-Based Program together with its proposed rate recovery mechanism.

14. With its Application, Delmarva submitted the direct testimony of Wayne A. Hudders, Manager of Demand Response and Energy Efficiency Evaluation for Pepco Holdings, LLC (“PHI”) (Delmarva’s parent company) and the direct testimony of Joseph F. Janocha, Manager of Retail Pricing for PHI.

15. In PSC Order No. 9112 dated September 14, 2017, the Commission initiated this Docket and requested Delmarva to publish public notice of its Application and incorporated a deadline for filing of petitions for leave to intervene and to submit written comments for this Application. The Commission designated Hearing Examiner R. Campbell Hay to conduct such hearings and report to the Commission with his proposed findings and recommendations.

16. On September 29, 2017, Ms. Devera Scott, Esq., Deputy Attorney General, filed a Petition for Leave to Intervene on behalf of DNREC. Subsequently, in Order No. 9135 dated October 3, 2017, the Commission granted DNREC's Petition for Leave to Intervene.

17. On October 6, 2017, William F. O'Brien, Esq. filed a Petition for Leave to Intervene on behalf of Chesapeake Utilities Corporation ("Chesapeake"). Subsequently, in Order No. 9135 dated October 10, 2017, the Commission granted Chesapeake's Petition for Leave to Intervene.

18. On October 27, 2017, Ed Beste submitted a public comment suggesting that he was opposed to the approval of Delmarva's proposal to use \$17 million for an EE Programs' advertising component.

19. On November 2, 8 and 9, 2017, Hearing Examiner R. Campbell Hay conducted the first round of public comment sessions on Delmarva's proposed EE Programs in each of Delaware's three (3) counties. Public Notice was filed in The News Journal and Independent Newsmedia Inc. on October 25, 2017. Representatives of Delmarva, Staff and the Public Advocate attended each of the public comment sessions. Members of the public were afforded an opportunity to comment on the proposed rates in Delmarva's Application and the service provided to its customers. No person appeared at any of the three (3) public sessions to comment.

20. On November 8, 2017, the parties agreed upon a Procedural Schedule that was approved by Hearing Examiner R. Campbell Hay. The evidentiary hearings were set for December 12, 2017. The parties thereafter conducted written discovery amongst themselves.

21. On November 15, 2017, on behalf of EEAC, Jeffrey Loiter, Partner of Optimal Energy, Inc., a consulting agency in energy efficiency and utility planning, on behalf of the EEAC, pre-filed direct testimony in connection with this docket.

22. On November 15, 2017, on behalf of DNREC, Robert Underwood, Energy Program Manager of DNREC's Division of Energy & Climate, on behalf of DNREC, pre-filed direct testimony in connection with this docket.

23. In PSC Order No. 9184, dated February 1, 2018, the Commission notified the parties that Hearing Examiner Hay had resigned from the PSC. The Commission designated Hearing Examiner Mark Lawrence to conduct such hearings and report to the Commission with his proposed findings and recommendations.

24. On February 15, 2018, on behalf of the DPA, Andrea B. Maucher, Public utility Analyst, pre-filed direct testimony (public and confidential versions) in connection with this docket.

25. On February 15, 2018, on behalf of Staff, Pamela Knotts, Regulatory Policy Administrator, pre-filed direct testimony (public and confidential versions) in connection with this docket.

26. In PSC Order No. 9213, dated April 24, 2018, the Commission ordered a revised procedural schedule in regards to a new evidentiary hearing.

27. In PSC Order No. 9222, dated May 22, 2018, the Commission noted issues in the case were more complex and lengthy than anticipated and retained Hearing Examiner Glenn C.

Kenton, Esq. to conduct such hearings and report to the Commission with his proposed findings and recommendations.

28. On June 12, 2018, Hearing Examiner Kenton conducted a conference call with the parties during which he requested that they file any objections or oppositions to him continuing as the Hearing Examiner. The parties mutually agreed on the dates of October 1 & 2, 2018 for the evidentiary hearing in the offices of the Carvel State Office Building. There were no objections filed by the parties with respect to Mr. Kenton acting as Hearing Examiner.

29. On June 19, 2018, the location of the evidentiary hearing was changed from the Carvel State Office Building in Wilmington, Delaware to the Public Service Commission Hearing Room in the Cannon Building in Dover, Delaware.

30. On July, 16, 2018, by letter to Ms. Devera Scott, Esq., counsel DNREC, copied to all parties, I advised Ms. Scott that the pre-filed testimony of Mr. Jeffrey Loiter on behalf of the EEAC was problematic in that EEAC was not a party to these proceedings.

31. On July 25, 2018, pursuant to Rule 2.9 of the Rules of Practice and Procedure of the Commission, Robert Underwood, Chair of the EEAC, filed a Late Petition for Leave to Intervene on behalf of EEAC. Responses to the filing of this Petition were requested by Friday, August 3, 2018.

32. On August 3, 2018, DPA filed an opposition to Robert Underwood's Petition for Leave to Intervene.

33. On August 3, 2018, Delmarva filed a response in support of the Petition for Leave to Intervene by Robert Underwood.

34. On August 3, 2018, Staff filed a letter in opposition to the Petition for Leave to Intervene by Robert Underwood.

35. On August 8, 2018, as Hearing Examiner, I concluded that the objection of the parties to the late intervention petition of Mr. Underwood had merit. However, I found the testimony of Mr. Loiter relevant such that to deny his testimony would impose a substantial injustice upon DNREC in these proceedings. Therefore, because of the close relationship between DNREC and the EEAC, I agreed to permit Mr. Loiter's testimony, provided that counsel to DNREC would file his amended testimony stating that it was being filed on behalf of DNREC (as opposed to the EEAC) and make no other changes in the testimony. I further decided that the parties should be afforded the further time to propound discovery to Mr. Loiter's testimony and receive responses and to cross-examine Mr. Loiter at the upcoming evidentiary hearing.

36. On August 14, 2018, on behalf of DNREC, Jeffrey Loiter, Partner of Optimal Energy, Inc., a consulting agency in energy efficiency and utility planning, on behalf of DNREC, pre-filed amended direct testimony in connection with this docket.

37. On November 29, 2018, as Hearing Examiner, I filed a letter formalizing the current stage of proceedings in the captioned docket and stated that, due to an oversight by Delmarva, public notice was not filed twenty-days prior to the scheduled October 1 & 2, 2018 evidentiary hearing as required. The parties agreed to re-schedule the evidentiary hearing for January 10 & 11, 2019 at 10:00 a.m. in the Public Service Commission conference room.

38. On December 14, 2018, public notice of the January 10, 2019, evidentiary hearing was presented in The Delaware State News, Cape Gazette, The News Journal, and the Independent Newsmedia, Inc.

39. On January 3, 2019, I filed communication in this docket that I had been advised that a key witness was unable to testify at the scheduled evidentiary hearing due to a health-related matter. The evidentiary hearing was ultimately opened for a brief session in the Commission room

on January 10, 2019 and promptly continued to April 9 & 10, 2019 to be held in the Commission's public conference room.

40. On January 28, 2019, an agreed upon Supplemental Procedural Schedule was filed regarding the Supplemental Testimony of Delmarva and Response to Supplemental Testimony of Delmarva by Staff and the DPA.

41. On February 22, 2019, on behalf of Delmarva, Wayne A. Hudders Pre-Filed Supplemental Direct Testimony.

42. On March 1, 2019, DNREC communicated via a Motion in this docket that their witness, Jeffrey Loiter, formerly employed by Optimal Energy was not available to testify at the evidentiary hearing on April 9 & 10, 2019. DNREC proposed a substitute Eric Belliveau in lieu of Mr. Loiter. According to DNREC, Eric Belliveau is a partner at Optimal Energy and had been involved with the EEAC meetings as often as Mr. Loiter.

43. On March 7, 2019, the DPA and Staff filed a joint opposition to the motion of DNREC's substitution of witness.

44. On March 7, 2019, Delmarva filed a response in support of the motion for substitution of witness filed by DNREC.

45. On March 8, 2019, I granted DNREC's motion for substitution for witness. I requested that the parties be able to propound discovery to Mr. Belliveau on his newly-adopted testimony.

46. On March 22, 2019, on behalf of the Commission, Pamela Knotts, Regulatory Policy Administrator, pre-filed Supplemental Direct Testimony.

47. On March 29, 2019, on behalf of the DPA, Andrea B. Maucher pre-filed a confidential and public Supplemental Direct Testimony.



48. On March 29, 2019, as Hearing Examiner I filed a communication on the docket regarding schedule changes of the evidentiary hearing noting:

“The Evidentiary hearing will commence as scheduled on Tuesday, April 9, 2019, in the Main Conference Room of the Public Service Commission, Silver Lake Boulevard, Dover, DE 19901. However, there will be no substantive testimony taken nor witnesses presented during these dates. After opening, the evidentiary hearing will be promptly recessed so that the parties can discuss the re-scheduling for a later date of the substantive evidentiary hearing.”

49. On April 15, 2019, a revised schedule for the evidentiary hearing was filed and the agreed upon dates of July 10 & 11, 2019 were confirmed.

50. On July 2, 2019, I convened a pre-hearing conference for all parties. During the conference, the parties advised me that a settlement of all issues in this docket was likely. However, in light of the soon-upcoming (July 10 & 11) scheduled dates for the evidentiary hearing and noting that settlements in matters before the Commission were favored,<sup>11</sup> I noticed all parties that the July 10, 11 evidentiary hearing would be continued until Tuesday, August 6, 2019 to allow for a possible settlement.

51. At the re-scheduled August 6, 2019 evidentiary hearing, the parties notified me that they had reached a settlement of all issue in this docket and had signed the Settlement Agreement to be entered into the record.

#### **IV. SUMMARY OF THE PRE-FILED TESTIMONY**

##### **A. Delmarva’s Direct Testimony**

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<sup>11</sup> 26 Del C. §512.

52. Wayne A. Hudders - in his pre-filed testimony, Mr. Hudders provided a general overview of the two energy efficiency programs contained in the EE Programs recommended to the Commission by the EEAC – the Consumer Products Program and the Behavior-Based Program. The purpose of his testimony was to discuss these two energy efficiency programs recommended to the Commission by the EEAC for implementation by Delmarva over a three-year program cycle.

53. Mr. Hudders stated that he participated with the EEAC process and Evaluation Measurement and Verification (“EM&V”) working group along with Staff and the Public Advocate. Mr. Hudders provided additional details regarding the proposed TRC (“Total Cost Recovery”) of the estimated \$17.2 Million of the EE Programs. Subsequently he stated he had worked with DNREC and the EEAC to avoid any duplication of current prospective programs and to achieve cost-effective energy and demand savings for Delmarva customers.

54. According to Mr. Hudders, the Consumer Products Program has three (3) components: 1) Residential Lighting, 2) Appliance Rebate, and 3) Appliance Recycling. According to Delmarva, in the three-year program cycle the Consumer Products Program is projected to reach 52,295 customers, to achieve 21,194 MWh in energy savings and cost \$11.3 million (See Table 1). This program has an expected TRC ratio of 1.53 (or \$17.2 million in gross benefits) using conservative assumptions and an “EEAC TRC” ratio of 2.18 (or \$26 million in gross benefits) using assumptions outlined in the EM&V Regulations approved by the EEAC. (See Table 1).

55. TABLE 1- (from Testimony)

Consumer Products Program	PY 1	PY 2	PY 3	Total
Annual MWh Savings	5,210	6,650	9,334	21,194
Annual MW Savings	0.666	0.849	1.188	2.704
Participants	13,531	16,887	22,877	53,295
Incentive Costs	\$1,623,035	\$1,950,990	\$2,539,825	\$6,113,850
Implementation Costs	\$1,297,720	\$1,633,690	\$2,219,591	\$5,151,001
Total Program Costs	\$2,920,755	\$3,584,680	\$4,759,416	\$11,264,851
EEAC TRC Ratio				2.18
TRC Ratio				1.53

56. Mr. Hudders stated that over the three-year program cycle, the Behavior Program is projected to reach 180,000 customers, achieve 23,636 MWh in energy savings and cost \$6.3 million (See Table 2). This program has an expected TRC ratio of 2.45 (or \$13.7 million in gross benefits) using conservative assumptions and “EEAC TRC” ratio of 2.93 (or \$17.2 million in gross benefits) using assumptions outlined in the EM&V Regulations approved by the EEAC.

57. TABLE 2 (from Testimony)

Behavior Based Program	PY 1	PY 2	PY 3	Total
Annual MWh Savings	12,893	19,769	23,636	23,636
Annual MW Savings	3.989	4.744	5.714	5.714
Participants	180,000	180,000	180,000	180,000
Incentive Costs	\$0	\$0	\$0	\$0
Implementation Costs	\$2,184,211	\$2,078,947	\$2,078,947	\$6,342,105
Total Program Costs	\$2,184,211	\$2,078,947	\$2,078,947	\$6,342,105
EEAC TRC Ratio				2.93
TRC Ratio				2.45

58. According to Mr. Hudders, the projected monthly impact to a customer's bill based on 912 kWh in average household monthly usage would be \$0.23 in year 1, \$0.64 in year 2 and \$1.20 in year 3.

#### DELMARVA POWER RESIDENTIAL MONTHLY BILL IMPACTS – TABLE

4 (From Testimony)

Rate Class	2017	2018	2019
Residential	\$ .20	\$ .63	\$ 1.10

59. Joseph Janocha - in his pre-filed testimony, Mr. Janocha, on behalf of Delmarva, proposed a cost recovery mechanism (“CRM”) for the EE Programs described in Mr. Hudders’s direct testimony. Mr. Janocha stated that the proposed CRM would allow Portfolio Plan costs to be recovered through an Energy Efficiency Charge applicable to Delmarva’s Delaware residential electric distribution customers. The cost recovery/amortization period would be five years with a return on the unamortized balance set at Delmarva’s Commission-authorized rate of return on its equity.

#### **B. Staff’s Direct Testimony**

60. Pamela Knotts - in her pre-filed testimony, Ms. Knotts, on behalf of Staff, indicated the purpose of her testimony was to present a review and recommendations regarding Delmarva’s application in this docket to implement EE programs, associated rate recovery mechanism and the proposed tariff charges. Ms. Knotts reviewed the EE Amendments and noted that the EE Amendments direct affected energy providers<sup>12</sup> to implement EE programs that are cost-effective, reliable, and feasible as determined by the EM&V Regulations<sup>13</sup> and delivered in collaboration with the SEU.

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<sup>12</sup> 29 Del. C. §§ 8059(a)(1)-(2), (“Affected electric energy provider” means an electric distribution company, rural electric cooperative, or municipal electric company serving energy companies in Delaware. “Affected energy provider” means an affected electric energy provider or affected Natural Gas Distribution Company.)

<sup>13</sup> 7 Del. Admin. C. § 2105 (“EM&V Regs” or “EM&V Regulations”).

61. Ms. Knotts stated that if Delmarva wants to call the portfolio a “Consumer Product Program,” it should evaluate the cost-effectiveness using the TRC for each component of the program and not aggregate each component’s measured benefits and costs to derive an aggregated TRC. That way, according to Ms. Knotts, the Commission can decide whether the consideration of using TRC for the Consumer Products Program (aggregating the components) is sufficient in evaluating the net-costs savings in determining whether to approve such programs. She pointed out that one component of the Consumer Products Program – the Appliance Rebate Program - standing on its own does not meet the cost-effectiveness test of Delmarva’s model.

62. According to Ms. Knotts, pertaining to the requirement that cost recovery should be approved for cost-effective programs that are determined not to increase overall utility bills, Delmarva stated the Residential Monthly Bill Impacts would be \$0.23 in year 1, \$0.64 in year 2 and \$1.20 in year 3, as described in Mr. Hudders’s Table 4 and that the projected benefits exceed the costs. Ms. Knott’s identified that during discovery Delmarva asserted that the EE programs would “not increase overall utility bills” since the programs generate over \$2.00 in benefits for every \$1.00 in cost. She stated that Delmarva also noted, “A customer will experience a net monthly bill savings just by installing six (6) LEF light bulbs or participating in the Behavior Based Program.”

### **C. Public Advocate’s Direct Testimony**

63. Andrea B. Maucher- In her pre-filed testimony on behalf of the DPA, Ms. Maucher recommended that the Commission reject Delmarva’s request to implement the EE Programs approved by the EEAC. In summary, Ms. Maucher stated she believed the EEAC did not comply with the EE Amendments. She noted there was no consideration of whether the SEU might be able to provide these programs more cost-efficiently or that funds might be available from the

Regional Greenhouse Gas Initiative. She also noted the availability of the \$ 4mm fund for low income consumers contained in the amended settlement agreement in the Excelon Merger Docket that could be available. She stated until those examinations are concluded, Delmarva customers should not be burdened with another surcharge on their electric bills for these programs nor should they be “saddled” with a surcharge that allows Delmarva to earn a return on unamortized programs costs. As a result, Ms. Maucher recommended the Commission deny the proposed Consumer Products Program.

64. In the alternative, Ms. Maucher stated if the Commission should accept Delmarva’s Application, the following changes should be made: 1) The Commission should require that the Appliance Rebate Program and all related costs be removed from the portfolio. The Consumer Product program is a portfolio of three distinct programs. According to Ms. Maucher, Section 8059 of the EE Amendments mandates each distinct program must be cost-effective and that the Appliance Rebate Program is not cost effective. She further noted that a similar Appliance Rebate Program in Maryland, implemented by Delmarva, is also not cost-effective and that similar programs around the country are not cost-effective. She stated that the Commission should also reject the Residential Lighting program due to the belief that Delmarva has failed to provide any information detailing how it will ensure that the bulbs and fixtures being subsidized by its customers are sold only to its customers and not to customers in other jurisdictions.

65. In regards to the Customer Behavior Program, DPA stated that Delmarva intends to encourage customers to undertake energy savings behavior. Delmarva provided two studies: 1) an April 2016 California Public Utilities Commission-sponsored report titled “Impact Evaluation of 2014 San Diego Gas & Electric Home Energy Reports Program,” prepared by the firm DNV-GC and, 2) an April, 2016 Cadmus report titled “2015 DSM Portfolio Evaluation Report,” which

examined efficiency programs implemented by Indiana Gas Company, Inc. and Southern Indiana Gas and Electric Company. According to Ms. Maucher, both reports raise serious questions of “double-counting” the potential savings that must be addressed before the Commission approves the residential behavioral programs

#### **D. Delaware Energy Efficiency Advisory Council’s Direct Testimony**

66. Jeffrey Loiter<sup>14</sup> - in his pre-filed testimony on behalf of the EEAC/DNREC, Mr. Loiter recommended that the Commission approve the two EE Programs as filed and approve the proposed cost recovery mechanism. Mr. Loiter reviewed the program costs and believes they are reasonable given the types of programs and the “start-up” nature of Delmarva’s efforts in Delaware.

67. Mr. Loiter stated that to the extent possible at this time, Delmarva has followed EM&V regulations in their proposed programs and application. Many of the regulations address actions taken after efficiency programs have been implemented. Further, he noted that these are not yet applicable to Delmarva’s proposed programs. Delmarva did follow the Delaware TRM the EEAC approved net-to-gross ratios and the EEAC approved avoided costs. He also noted that the EEAC took appropriate actions required by § 8059(h)(1) of the EE Amendments and had met its requirements. Mr. Loiter stated that the costs of the program would be amortized over a period of five (5) years with the return on the unamortized balance at the Company’s authorized rate of return via The Energy Efficiency Charge that would be adjusted each year.

#### **E. Delaware Department of Natural Resources and Environmental Control Direct Testimony**

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<sup>14</sup> See paragraphs 42-45 above for the substitution of Mr. Belliveau as a witness due to Mr. Loiter’s departure from the consulting firm.

68. Robert Underwood - in his pre-filed testimony on behalf of DNREC, Mr. Underwood described the role of the EEAC and how utility-run programs related to other energy efficiency programs in Delaware.

69. Mr. Underwood argued utility-offered programs similar to those proposed by Delmarva build on programs and policies that already exist in Delaware. According to Mr. Underwood, these programs help to expand efficiency efforts to reach a wider population and provide more benefits to Delawareans from lower energy use. DNREC supports the EE Programs proposed by Delmarva as being well-designed and testified that the proposed costs were reasonable. Also, Mr. Underwood stated the EEAC acted in accordance with §8059(h)(1) of the EE Amendments and that the EE Programs meet the requirements of the legislation.

## **V. SUPPLEMENTAL PRE-FILED TESTIMONY**

70. At my request, due to the length of time of the proceedings in this Docket and because of changing fact both in Delaware and surrounding jurisdictions concerning similar EE Programs, in 2019 all parties filed Supplemental Direct Testimony.

### **A. Delmarva's Supplemental Direct Testimony**

71. Wayne A. Hudders - On February 22, 2019, Mr. Hudders pre-filed a supplemental testimony on behalf of Delmarva detailing the following: (1) working group reports and Orders issued by the Maryland Public Service Commission (PSC) regarding programs similar to those included in Delmarva's EEAC-recommended energy efficiency portfolio and, (2) any working group reports and Ordered issues by the Pennsylvania Public Utility Commission (PUC) regarding similar programs. Mr. Hudders discussed Maryland's Behavioral Working Group and analyzed recent reports similar to programs in Pennsylvania.



72. Mr. Hudders noted in his supplemental testimony that there has been a \$5+ million dollar decrease in the cost of the proposed Consumer Products and Behavior Program from the initial filing of this docket in 2017 due to cost-saving efficiencies as a result of the implementation of similar programs elsewhere and efficiencies due to the recent Excelon merger, thus reducing total estimated costs from \$17.6 million to \$12 million.

### **B. Staff's Supplemental Direct Testimony**

73. Pamela Knotts - On March 22, 2019, Pamela Knotts filed supplemental testimony on behalf of Staff. Ms. Knotts presented the Staff's comments and recommendations on some of the information that was presented in Mr. Hudders's supplemental testimony on behalf of Delmarva. Ms. Knotts described Staff's concern that the EE Amendments require the Commission to review the program and portfolios recommended by the EEAC including evaluating the projected net-cost savings. She continued that by calling the Consumer Products Program a "program," Delmarva determines that the cost-effectiveness test or TRC can be calculated for benefits and costs on the total of Lighting, Appliance Rebate, and Appliance Recycling Program all together rather than evaluating each of them separately.

74. Finally, Ms. Knotts noted that Staff continues to have a concern with the Residential Appliance Rebate Program as it is not cost effective in Delaware. Subsequently she stated this was corroborated in the Navigant EmPOWER Maryland report for the Maryland utilities. Ms. Knotts believes Delmarva should be transparent and perform public cost-effectiveness or TRC on each of the programs in the portfolio.

### **C. Public Advocate's Supplemental Direct Testimony**

75. Andrea Maucher - On March 29, 2019, Ms. Maucher pre-filed supplemental testimony on behalf of the DPA. Ms. Maucher elaborated that she continues to recommend that

the Commission reject Delmarva's Application on the basis that the EEAC failed to comply with its statutory requirements when it approved Delmarva's EE Programs.

76. In summary, Ms. Mauncher described certain risks she believes are important to the Commission: 1) the proposed programs will not be implemented during the 2017-2019 cycle; and, 2) the EEAC has not established a savings target or approved these programs for the 2020-2022 cycle. Finally, Ms. Maucher stated she believes it is imperative these programs be considered individually rather than as a portfolio and based on Maryland experience noted that the Appliance Rebate program is not expected to be cost-effective.

#### **D. Delmarva's Rebuttal Testimony.**

77. Wayne A. Hudders - In his rebuttal testimony, Mr. Hudders stated that Delmarva continues to support the EE Programs as being cost-effective in that the projected savings to Delmarva's customers are greater than the projected costs.

78. Mr. Hudders also stated that Delmarva had worked closely with the SEU, DNREC and the EEAC to avoid program duplication costs.

79. Mr. Hudders also stated that the detailed design of the EE Programs, while not yet fully constructed, nevertheless Delmarva expected to work with its implementation contractor to implement the final phases of the programs' detailed design.

80. In response to the testimony of the DPA that Delmarva should use part of its committed \$4.0mm low income assistance contained in the settlement in the Excelon Merger Docket to fund the EE Programs, Mr. Hudders stated that there is substantial demand for these funds and the issue of the use of these funds is properly reserved for the Excelon Merger Docket.

#### **VII. THE EVIDENTIARY HEARING**

81. The re-scheduled evidentiary hearing in this docket was convened at 10:00 a.m. on Tuesday, August 6, 2019 at the public hearing room of the Commission.

82. At the opening of the evidentiary hearing, the parties advise me that they were very near a settlement of all issues in this docket. Accordingly, the evidentiary hearing was recessed briefly to allow the parties to finalize the Settlement Agreement.

83. Upon the reconvening of the Evidentiary hearing, Delmarva, Staff and the DPA advised me that they had agreed to a settlement in this docket and were prepared to have a formal, executed Settlement Agreement entered into the record.

84. All sixteen (16) pre-marked exhibits were then entered into the record without objection. The proposed Settlement Agreement was marked for identification as Exhibit 17 and thereafter entered into the record.

85. Delmarva Witness Hudders - Delmarva then called its first witness, Wayne A. Hudders who reviewed his pre-filed testimony, his supplement pre-filed testimony and his rebuttal testimony. He adopted all as his testimony.<sup>15</sup>

86. Mr. Hudders then reviewed the key points of the original and the proffered Settlement Agreement. Mr. Hudders pointed out that the Settlement Agreement provided two major changes in Delmarva's original application. First as to the Consumer Products Program, Delmarva and the parties agreed with Staff and the DPA that Delmarva would remove the Appliance Rebate Program for low income customers as not being cost-effective. Secondly, Delmarva and the parties agreed that the amortization period for the costs of the revised EE Programs would be twelve months (as opposed to five years contained in the original Application)

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<sup>15</sup> Tr. at 105.

at Delmarva's average cost of long term debt (as opposed to its allowed rate of return on equity).

The Behavior Based Program would not be revised or changed.<sup>16</sup>

87. Mr. Hudders stated that he believed the Settlement Agreement to be "just and reasonable" and in the public interest as it removed the Appliance Rebate program for low income customers as not being cost-justified and it shortened the recovery of the reduced costs of the program. Further, he testified that the recovery was to be calculated at Delmarva's lower long term debt rate which resulted in a additional savings to customers.<sup>17</sup>

88. Staff Witness Knotts. Staff then called its sole witness, Pamela Knotts. Ms. Knotts testified that she had been a party to all substantive settlement discussions and believes that the Settlement Agreement was "just and reasonable" and "in the public interest" as it removed a non-cost-justified program, shortened the amortization period from five years to twelve months at the lower long term debt rate of Delmarva and avoided the costs of further litigation, all of which would inure to the benefit of Delmarva's ratepayers.<sup>18</sup>

89. DPA Witness Maucher. DPA then called its sole witness, Andrea Maucher, Public Utility Analyst. Ms. Maucher testified that she had been a party to all substantive settlement discussions. She testified that while DPA continued to be concerned about the unavailability of alternative financing mechanisms to support the EE Programs, nevertheless she also believed that the Settlement Agreement was "just and reasonable" and "in the public interest" as it removed the non-cost-justified Appliance Rebate Program, shortened the amortization period from five years

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<sup>16</sup> Tr. at 106-110.

<sup>17</sup> Tr. at 109.

<sup>18</sup> Tr. at 115.

to twelve months at the lower long term debt rate of Delmarva and avoided the costs of further litigation, all of which would inure to the benefit of Delmarva's ratepayers.<sup>19</sup>

90. DNREC. Counsel for DNREC noted that DNREC had not been a party to the settlement discussions and thus was not a party to the Settlement Agreement. Nevertheless, she stated for her client that DNREC did not oppose the Settlement Agreement.<sup>20</sup>

91. After the witnesses concluded their testimony, I asked Mr. Hudders to further describe the differences in the terms of the Settlement Agreement – and in particular its costs to ratepayers – compared to its original Application? Mr. Hudders described in more detail the effects of the elimination of the Appliance Rebate Program and the reduced (from 5 years to 12 months) period of amortization of the EE Programs' costs. Mr. Hudders pointed first to Schedule A of the Settlement Agreement, line 24, which estimated the monthly costs to the average Delmarva ratepayer as \$.32/month in year one, \$ .64/month in year two, \$ .44 in year three and declining thereafter. He then testified that these projected costs of \$8.4mm were considerably less than those projected in Delmarva's original Application (\$17.6mm) and in his Supplemental testimony (\$12mm).<sup>21</sup>

## **VIII. DISCUSSION**

### **A. The Parties' Positions.**

92. This docket has a long and somewhat tortured history. The original statute (the EE Amendments) providing for the Energy Efficiency Programs was enacted in 2014. After more than two years of consultations, meetings and planning of the EEAC, the original Application was

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<sup>19</sup> Tr. at 124.

<sup>20</sup> Tr. at 127.

<sup>21</sup> Tr. at 128-135.

filed by Delmarva in August, 2017. After many starts and stops and delays, some unavoidable, some unfortunate, this matter finally came to an evidentiary hearing before me on August 6, 2019.

93. In its original Application, Delmarva proposed a two part EE Program as recommended by the EEAC: a three part Consumer Products Program and a Behavior Based Program. The Consumer Products Program consisted of 1) a Residential Lighting, 2) an Appliance Rebate Program and 3) an Appliance Recycling Program. The Behavior Based Program consisted of a consumer education program designed to encourage consumers to reduce their energy consumption. Delmarva also included in its Application a cost recovery mechanism designed to amortize the projected \$17.6mm of costs over a five (5) year time-frame at the utility's average cost of equity capital.

94. Delmarva's Application was supported by DNREC and by the EEAC. It was opposed in its totality by the Division of Public Advocate and in part by Staff.

95. DNREC and Delmarva testified that they believed the EE Programs were consistent with the EE Amendments, just and reasonable and in the public interest.

96. DPA was opposed to the EE Programs for several reasons including the potential availability of other sources of funding such as the SEU and a \$4mm "set aside" for low income families contained in the settlement in 2014 of the Exelon Merger Docket. DPA also testified that there had been no detailed analysis of whether the EE Programs could be managed more cost-effectively by the SEU. DPA also targeted the Appliance Rebate Program as not being cost-justified, even in Delmarva's projections and filings. The DPA also testified that the Appliance Rebate Program had not proved to be cost-justified in Delmarva's similar Maryland program nor in other similar programs around the county.

97. Staff, on the other hand, did not oppose the entirety of the EE Programs but expressed concern, in particular, as to the non-cost-justified Appliance Rebate Program being included.

98. In the parties' Supplemental Testimony, the differences were narrowed and the total program costs as estimated by Delmarva were reduced from \$17.6mm to \$12mm. Nevertheless, the fundamental differences first described in the parties' original Pre-Filed Testimony remained – in particular the continued support by Delmarva of the Appliance Rebate Program even though on a stand-alone basis the program was not cost-effective.

**B. Settlement.**

99. The Settlement Agreement (finally) reached among Delmarva, Staff and DPA reflected a compromise of all parties' positions – as is normal in a negotiated settlement. Delmarva agreed to compromise in the following areas:

- a. To remove the non-cost justified Appliance Rebate Program from its Consumer Products Program.
- b. To shorten the amortization period from five (5) years to twelve (12) months.
- c. To calculate the unamortized costs at its (lower) long term debt rate rather than its rate of return on its equity.

100. The net result of these compromises by Delmarva further reduced three (3) year total costs of the EE Programs from the original \$17.6mm, then to \$12mm and finally to \$8.4mm.

101. Staff and the DPA agreed to support Delmarva's remaining Consumer Products Programs and its Behavior Based Program.

102. The settling parties also agreed to create a cost-monitoring process and a future working group to review the EE Programs going forward.

103. Each of the three parties to the Settlement Agreement testified that, in their respective opinion, the Settlement Agreement was “just and reasonable” and “in the public interest.” All cited the avoidance of future litigation expenses and the fact that no one party received all of its filed requests, *inter alia*, as reasons for supporting the Settlement Agreement.

#### **IX. RECOMMENDATION**

104. Applications before the Commission are to be approved if they are “just and reasonable” and in the “public interest.”<sup>22</sup>

105. Each of the settling parties has testified that the terms of the Settlement Agreement are “just and reasonable” and “in the public interest.” After considering the testimony of the parties supporting the Settlement Agreement, I agree. The Settlement Agreement is a result of compromises by each of the settling parties and avoids further costly litigation and further delay in the implementation of the EE Programs first mandated by the Delaware General Assembly in 2014.

106. No party, including DNREC, or any other person, has objected to the Settlement Agreement.

107. No person appeared at the three (3) public comment sessions to comment on the EE Programs and only one (1) person submitted limited, written comments.

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<sup>22</sup> 26 Del. C. § 201(e)(1).



108. Accordingly, I APPROVE the Settlement Agreement and recommend its approval by the Commission.

Respectfully submitted,

*/s/ Glenn C. Kenton*

Glenn C. Kenton  
Hearing Examiner

Dated: August 14, 2019

**“Exhibit B”**

**THE SETTLEMENT AGREEMENT**

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION     )  
OF DELMARVA POWER & LIGHT             ) PSC DOCKET NO. 17-0985  
COMPANY FOR APPROVAL OF ENERGY     )  
EFFICIENCY PROGRAMS FOR ELECTRIC     )  
CUSTOMERS AND RATE RECOVERY         )  
MECHANISMS (Filed August 18, 2017)     )

PROPOSED SETTLEMENT

This 6<sup>th</sup> day of August 2019, Delmarva Power & Light Company (“Delmarva” or the “Company”), the Division of the Public Advocate (“DPA”), and the Delaware Public Service Commission Staff (“Staff”), all of whom together are the “Settling Parties,” each individually a “Settling Party,” hereby propose a settlement of all issues that were raised in the above-captioned proceedings as follows (the “Settlement”).

I. INTRODUCTION AND PROCEDURAL BACKGROUND

On August 18, 2017, Delmarva filed an application (“Application”) with the Delaware Public Service Commission (the “Commission”) requesting approval of (1) its proposed energy efficiency programs, which consisted of a Consumer Products Program and a Behavior Based Program, and (2) its proposed rate recovery mechanism (together and as amended via Docket Entry 17, the “Proposed EE Programs”). The Application was accompanied by the pre-filed direct testimony of two witnesses.

By PSC Order No. 9112, dated September 14, 2017, the Commission required notice of Delmarva’s Application through newspaper publication, established a deadline for interventions, and assigned the matter to Hearing Examiner R. Campbell Hay to grant or deny petitions seeking leave to intervene, to grant or deny motions for admission of

counsel *pro hac vice*, to set an appropriate procedural schedule, and to schedule and conduct the evidentiary hearing *en banc* at a scheduled Commission meeting.

The DPA exercised its statutory right of intervention. Hearing Examiner Hay granted admission to Delaware Department of Natural Resources & Environmental Control and Chesapeake Utilities Corporation as intervenors in this matter.

Pursuant to Hearing Examiner Hay's directive, notice of public comment sessions to be held on November 2, 2017 in New Castle, Delaware, on November 8, 2017 in Dover, Delaware, and on November 9, 2017 in Bethany Beach, Delaware was published in the *News Journal*, the *Delaware State News*, and the *Cape Gazette*. Notice of these public comment sessions was also reflected on the procedural schedule published on Delafile. The public comment sessions were held as published.

Following the resignation of Hearing Examiner Hay from his position with the Commission, by PSC Order No. 9184, the Commission designated Mark Lawrence as Hearing Examiner to continue the assigned responsibilities in this docket, as may be necessary, and to schedule and conduct the evidentiary hearing *en banc* at a scheduled Commission meeting.

Pursuant to the procedural schedule, the Settling Parties engaged in substantial discovery. On February 15, 2018, the DPA and Staff both submitted direct testimony. On April 24, 2018, by PSC Order No. 9213, the Commission approved revising the procedural schedule and rescheduling the evidentiary hearing before Senior Hearing Examiner Lawrence.

On May 22, 2018, by PSC Order No. 9222, the Commission designated Glenn Kenton as Hearing Examiner to schedule and conduct the evidentiary hearing and take any

other action necessary to bring this docket before the Commission. On February 22, 2019, Delmarva submitted supplemental direct testimony. On March 22, 2019 and March 29, 2019, respectively, Staff and the DPA filed supplemental direct testimony. On May 31, 2019, Delmarva filed rebuttal testimony.

It is acknowledged that the Settling Parties hold differing views as to the proper resolution of many of the underlying issues in this proceeding and are preserving their rights to raise those issues in future proceedings on a prospective basis only, except as provided below. This Settlement reflects compromises made by the Settling Parties in an effort to resolve this proceeding.

## II. SETTLEMENT PROVISIONS

IT IS HEREBY STIPULATED AND AGREED by the Settling Parties that they will submit to the Commission for its approval the following terms and conditions for resolution of this proceeding:

### A. Settlement Terms

1. The Settling Parties agree that Delmarva may implement the three-year Proposed EE Programs, except that all costs relating to Appliance Rebates and the low-income refrigerator rebate offering will be removed. (The Proposed EE Programs as revised are hereinafter referred to as the “Approved EE Programs.”) Attached hereto as Exhibit A and incorporated by reference is a chart with the Approved EE Programs and their estimated costs.

2. Within 90 days of Commission approval of this Settlement, Delmarva will begin to provide quarterly reports to Staff and the DPA describing the costs incurred to implement the Approved EE Programs, and, once the Approved EE Programs have

commenced, describing the results of the Approved EE Programs. The Settling Parties will form a Working Group to determine the contents of the quarterly reports; however, at a minimum, the reports shall include support for all costs incurred. The Working Group will meet quarterly, as needed, to review the reports. Modifications to projected Approved EE Program costs based on actual experience will be discussed by the Working Group. Going forward, the Working Group will meet and confer to discuss energy efficiency programs developed by Delmarva.

3. Delmarva will file an annual report showing the results of the Approved EE Programs with the Energy Efficiency Advisory Council (“EEAC”) and the Commission. Following that filing, Delmarva, Staff, and the DPA will meet to review the annual report and discuss any necessary program modifications, including termination of specific programs. Delmarva, Staff, and the DPA, individually or collectively, may submit comments to the annual report containing any such recommendations. Such annual reviews will be presented to both the EEAC and the Commission.

4. The Settling Parties agree that Delmarva will recover costs related to the Approved EE Programs through a line item on residential customer bills (the “Rider EE Rate”) via a surcharge applicable to Delaware Residential customers, including rate classes R, RSH, and R-TOU. The parties also agree that the Company is entitled to a return on its unamortized investment equal to the Company’s authorized debt rate as approved in its last rate case because the Approved EE Program costs will be recovered within a 12-month period. The Rider EE Rate for the first program year will be based on the estimated Approved EE Program costs identified in Exhibit A, a rate of return on the forecasted unamortized balance at the Company’s current Commission-approved cost of debt, plus

accumulated costs through June 30, 2019 totaling \$45,331.17,<sup>1</sup> plus any accumulated costs through December 31, 2019 recorded in the regulatory asset approved by PSC Order No. 8879 associated with the planning process,<sup>2</sup> divided by the forecasted residential kWh load for the program year. The Rider EE Rate for subsequent program years will be based on estimated Approved EE Program costs for that upcoming year, including any prior year true-ups<sup>3</sup> and cost revisions based on actual costs incurred plus a rate of return on the forecasted unamortized balance at the Company's current Commission-approved cost of debt, divided by the forecasted residential kWh load for that year. With respect to all program years, actual EE costs and a return on the unamortized balance at the Company's most recently approved debt rate will be recorded in a deferred balance for accounting purposes. Delmarva shall not include any costs in the Approved EE Program costs if that particular category of cost was not currently allowed for recovery in the Company's most recent distribution rate case.<sup>4</sup> Delmarva shall demonstrate in its next base rate case that expenses charged to the surcharge were removed from operating and maintenance expenses and rate base (if applicable) to prevent any double counting.

5. The Settling Parties agree that the Approved EE Programs for Year 1 will start in January of 2020. The Rider EE Rate for Year 1 will also begin January 1, 2020, with an application filed not less than 60 days prior. Rider EE Rates will be set on an interim basis, subject to refund. Parties may challenge any costs for which Delmarva seeks recovery.

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<sup>1</sup> See Exhibit B.

<sup>2</sup> Delmarva may include carrying costs equal to its approved cost of debt through December 31, 2019.

<sup>3</sup> The true-up will be calculated annually for actual program costs and actual billed Rider EE revenues to provide any over or under collected amounts in the next year's Rider EE Rate.

<sup>4</sup> For example, no SERP costs shall be included in the Approved EE Program costs.

6. Delmarva agrees for purposes of transparency that for any energy efficiency program it files in the future it will provide the Total Resource Cost and supporting documentation for each individual component (i.e., Lighting, Appliance Recycling) of its proposed programs. The Settling Parties agree that the Commission will determine whether to approve such programs anew for implementation by Delmarva, as required by 29 Del. C. § 8059(h).

B. Miscellaneous Provisions

1. The provisions of this Settlement are not severable.

2. The Settling Parties agree that they will submit this Proposed Settlement to the Commission requesting a determination that the Proposed Settlement is in the public interest and that no Settling Party will oppose such a determination. In the event this Settlement is not approved in its entirety by the Commission, then this Settlement shall be deemed an offer of compromise pursuant to Uniform Rule of Evidence 408, and no Settling Party's agreement to the terms of this Settlement shall prohibit or prejudice such Settling Party from taking any position before the Hearing Examiner and/or the Commission concerning the pending docket. The Settling Parties further agree that this Settlement is expressly conditioned upon Commission approval of this Settlement without the need for a fully-litigated evidentiary hearing. A fully-litigated evidentiary hearing on the merits will be held only if this Settlement is rejected.

3. This Settlement will become effective when the Commission issues a final order approving it and all of its terms and conditions without modification. After such final order is issued, the terms of this Settlement shall be implemented and become enforceable notwithstanding the pendency of any legal challenge to the Commission's approval of this



Settlement, and notwithstanding actions taken by another regulatory agency or court, unless the final order's implementation and enforcement is stayed or enjoined by the Commission, another regulatory agency, or a court having jurisdiction over the matter.

4. This Settlement is the product of extensive negotiations and reflects a mutual balancing of various issues and positions. This Settlement represents a compromise for the purposes of settlement and shall not be regarded as a precedent with respect to any issue in any future case. No Settling Party necessarily agrees or disagrees with the treatment of any particular item, any procedure followed, or the resolution of any particular issue in agreeing to this Settlement, other than as expressly specified herein.

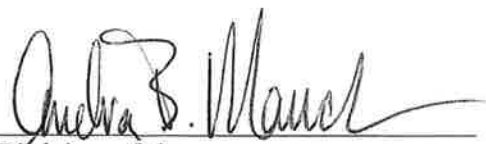
5. To the extent opinions or views were expressed or issues were raised at any point in these proceedings, whether as part of a document filed or otherwise, that are not specifically addressed in this Settlement, no findings, recommendations, or positions with respect to such opinions, views, or issues should be implied or inferred.

6. This Settlement may be executed in counterparts.

IN WITNESS WHEREOF, intending to bind themselves and their successors and assigns, the undersigned Settling Parties have caused this Settlement to be signed by their duly-authorized representatives.

  
Delmarva Power & Light Company

Date: 8/6/19

  
Division of the Public Advocate

Date: 8/6/19

  
Delaware Public Service Commission Staff

Date: 8/6/19

**Exhibit A**

<b>Consumer Products</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Total</b>
Annual MWh Savings	3,635	4,759	6,822	15,216
Annual MW Savings	0.459	0.601	0.862	1.922
Participants	11,025	14,129	20,096	45,251
Incentive Costs	\$388,734	\$509,324	\$730,369	\$1,628,427
Implementation Costs	\$885,303	\$1,155,529	\$1,656,276	\$3,697,108
Total Program Costs	\$1,274,037	\$1,664,853	\$2,386,645	\$5,325,535
TRC Ratio	1.56			

<b>Behavior Based</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Total</b>
Annual MWh Savings	6,983	20,628	25,678	25,678
Annual MW Savings	2.696	4.852	5.930	5.930
Participants	180,000	180,000	180,000	180,000
Incentive Costs	\$0	\$0	\$0	\$0
Implementation Costs	\$1,079,915	\$1,007,863	\$1,007,863	\$3,095,642
Total Program Costs	\$1,079,915	\$1,007,863	\$1,007,863	\$3,095,642
TRC Ratio	1.68			

<b>Residential Portfolio</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Total</b>
Annual MWh Savings	10,619	18,403	11,871	40,893
Annual MW Savings	3.154	2.758	1.941	7.852
Participants	191,025	194,129	200,096	225,251
Incentive Costs	\$388,734	\$509,324	\$730,369	\$1,628,427
Implementation Costs	\$1,965,218	\$2,163,392	\$2,664,140	\$6,792,750
Total Program Costs	\$2,353,952	\$2,672,716	\$3,394,509	\$8,421,177
TRC Ratio	1.60			

# Exhibit B

Schedule (MTN-C)-2  
Page 1 of 1

Delmarva Power and Light - Delaware  
EE Surcharge

Line Description	Yr 1 2020	Yr 2 2021	Yr3 2022	Yr 4 2023	Total
1					
2 <b>Forecast Spend</b>	\$ 2,399,283	\$ 2,672,716	\$ 3,394,509	\$ -	\$ 8,466,508
3					
4 Amount in Rates					
5 Amortization	\$ 1,099,671	\$ 2,524,607	\$ 3,003,538	\$ 1,838,692	\$ 8,466,508
6					
7 Unamortized Bal Yr 1	1,299,612				
8 Unamortized Bal Yr 2		1,447,721			
9 Unamortized Bal Yr 3			1,838,692		
10 Unamortized Bal Yr 4				0	
11					
12 Return - 17-0977 LT Debt Rate	24,043	50,708	60,667	33,849	169,267
13					
14 <b>\$ Amount in Rate</b>	<b>\$ 1,123,714.45</b>	<b>\$ 2,575,314</b>	<b>\$ 3,064,205</b>	<b>\$ 1,872,541</b>	<b>\$ 8,635,775</b>
15 kwh 2,966,797,413					
16					
17 Rate before assessment	\$ 0.00037900	\$ 0.00086800	\$ 0.00103300	\$ 0.00063100	
18 Assessment	\$ 0.00000600	\$ 0.00001400	\$ 0.00001700	\$ 0.00001000	
19					
20 \$/KWH Surcharge	\$ 0.00038500	\$ 0.00088200	\$ 0.00105000	\$ 0.00064100	
21					
22 <i>Bill Impact</i>					
23 JFJ-2-C 912 kWh Avg	0.350000	0.800000	0.960000	0.580000	
24 17-977 840 kWh Avg	0.320000	0.740000	0.880000	0.540000	

**SECTION I FORECASTED YEAR AMORTIZATION SCHEDULE**

**Table 1 - Forecasted Program Year Monthly Delivered Sales (MWH)**

Jan-20	307,562
Feb-20	278,808
Mar-20	267,806
Apr-20	196,480
May-20	174,348
Jun-20	217,379
Jul-20	286,233
Aug-20	343,316
Sep-20	269,156
Oct-20	196,704
Nov-20	187,565
Dec-20	241,440
	<u>2,966,797</u>

**Table 2 - Forecasted Program Year Monthly Amortization and CCRF**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
				= Col 2 + Col 3 - Col 4	= (Col 3 - Col 4) x Composite Tax Factor		= Col 5 - Col 7 Unamortized Ending Balance Net of Accum Deferred Tax		= Col 8 x (Col 9)/12 Composite Tax Factor	= Col 10 x 1/(1- Composite Tax Factor)
Month	Unamortized Beginning Balance	Additional Program Costs	Amortization	Unamortized Ending Balance	Deferred Tax Activity	Accum Deferred Tax		CCRF Rate Net-of-Tax	Estimated CCRF Net-of-Tax	Estimated CCRF Adjusted for Income Tax
				\$	\$	\$				
Jan-20	\$ -	\$ 199,940	\$ 114,001	\$ 85,940	\$ 23,954	\$ 23,954	\$ 61,986	3.80%	\$ 98	\$ 136
Feb-20	\$ 85,940	\$ 199,940	\$ 103,343	\$ 182,537	\$ 26,925	\$ 50,879	\$ 131,658	3.80%	\$ 307	\$ 425
Mar-20	\$ 182,537	\$ 199,940	\$ 99,265	\$ 283,212	\$ 28,061	\$ 78,940	\$ 204,272	3.80%	\$ 532	\$ 737
Apr-20	\$ 283,212	\$ 199,940	\$ 72,827	\$ 410,325	\$ 35,430	\$ 114,370	\$ 295,955	3.80%	\$ 792	\$ 1,098
May-20	\$ 410,325	\$ 199,940	\$ 64,624	\$ 545,642	\$ 37,717	\$ 152,087	\$ 393,555	3.80%	\$ 1,092	\$ 1,514
Jun-20	\$ 545,642	\$ 199,940	\$ 80,573	\$ 665,009	\$ 33,271	\$ 185,358	\$ 479,651	3.80%	\$ 1,383	\$ 1,917
Jul-20	\$ 665,009	\$ 199,940	\$ 106,095	\$ 758,854	\$ 26,158	\$ 211,516	\$ 547,338	3.80%	\$ 1,626	\$ 2,254
Aug-20	\$ 758,854	\$ 199,940	\$ 127,253	\$ 831,541	\$ 20,260	\$ 231,776	\$ 599,765	3.80%	\$ 1,816	\$ 2,518
Sep-20	\$ 831,541	\$ 199,940	\$ 99,765	\$ 931,716	\$ 27,922	\$ 259,698	\$ 672,018	3.80%	\$ 2,014	\$ 2,792
Oct-20	\$ 931,716	\$ 199,940	\$ 72,910	\$ 1,058,746	\$ 35,407	\$ 295,105	\$ 763,641	3.80%	\$ 2,273	\$ 3,152
Nov-20	\$ 1,058,746	\$ 199,940	\$ 69,523	\$ 1,189,164	\$ 36,351	\$ 331,456	\$ 857,708	3.80%	\$ 2,567	\$ 3,559
Dec-20	\$ 1,189,164	\$ 199,940	\$ 89,492	\$ 1,299,612	\$ 30,785	\$ 362,241	\$ 937,371	3.80%	\$ 2,842	\$ 3,941
Total		2,399,283	1,099,671						17,341	24,043

**SECTION II - PRIOR YEAR TRUE UP**

**Table 3 - Actual Prior Year Monthly Revenue Requirement**

(1)	(2) = Sum of Vintage Year Amort Tables Col 2	(3) = Sum of Vintage Year Amort Tables Col 3	(4) = Sum of Vintage Year Amort Tables Col 4	(5) = Col 2 + Col 3 - Col 4	(6) = (Col 3 - Col 4) x Composite Tax Factor	(7)	(8) = Col 5 - Col 7 Unamortized Ending Balance Net of Accum Deferred Tax	(9) CCRF Rate Net-of-Tax	(10) = Col 8 x (Col 9)/12 Composite Tax Factor)	(11) = Col 10 x 1/(1- Composite Tax Factor)	(13) =Col 4 + Col 11
Month	Unamortized Beginning Balance	Actual Additional Program Costs	Actual Amortization	Unamortized Ending Balance	Deferred Tax Activity	Accum Deferred Tax	Unamortized Ending Balance Net of Accum Deferred Tax	CCRF Rate Net-of-Tax	Estimated CCRF Net-of-Tax	Estimated CCRF Adjusted for Income Tax	Revenue Requirement
Jan-19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3.80%	\$ -	\$ -	\$ -
Feb-19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3.80%	\$ -	\$ -	\$ -
Mar-19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3.80%	\$ -	\$ -	\$ -
Apr-19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3.80%	\$ -	\$ -	\$ -
May-19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3.80%	\$ -	\$ -	\$ -
Jun-19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3.80%	\$ -	\$ -	\$ -
Jul-19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3.80%	\$ -	\$ -	\$ -
Aug-19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3.80%	\$ -	\$ -	\$ -
Sep-19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3.80%	\$ -	\$ -	\$ -
Oct-19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3.80%	\$ -	\$ -	\$ -
Nov-19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3.80%	\$ -	\$ -	\$ -
Dec-19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3.80%	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -

**SECTION II - PRIOR YEAR TRUE UP**

**Table 4 - Prior Year Monthly Over/Under Recovered Balances**

(1)	(2)	(3)	(4)	(5)
	= Table 3 Col 13		= Col 3 - Col 2	
Month	Revenue Requirement	Actual Monthly DSM Surcharge Revenue	Over/(Under) Recovery	Over/(Under) Recovery Cumulative Balance
Jan-18	\$ -	\$ -	\$ -	\$ -
Feb-18	\$ -	\$ -	\$ -	\$ -
Mar-18	\$ -	\$ -	\$ -	\$ -
Apr-18	\$ -	\$ -	\$ -	\$ -
May-18	\$ -	\$ -	\$ -	\$ -
Jun-18	\$ -	\$ -	\$ -	\$ -
Jul-18	\$ -	\$ -	\$ -	\$ -
Aug-18	\$ -	\$ -	\$ -	\$ -
Sep-18	\$ -	\$ -	\$ -	\$ -
Oct-18	\$ -	\$ -	\$ -	\$ -
Nov-18	\$ -	\$ -	\$ -	\$ -
Dec-18	\$ -	\$ -	\$ -	\$ -

**SECTION III RESIDENTIAL EE&C SURCHARGE CALCULATION**

	YR 1	YR 2	YR 3	YR 4	Total
Forecasted Amortization (Straight Line)	\$ 1,099,671 Table 2, Col 4	2,524,607	3,003,535	1,838,682	8,466,508
Forecasted CCRF	\$ 24,043 Table 2, Col 11	50,708	60,667	33,849	189,267
Over/Under Recovered Balance	\$ - Table 4, Col 5	\$ -	\$ -	\$ -	\$ -
Total	\$ 1,123,714	\$ 2,575,314	\$ 3,064,205	\$ 1,872,541	\$ 8,635,775
Retail Sales - kwh	2,966,797,413	2,966,797,413	2,966,797,413	2,966,797,413	
Rate before PSC Assessment	\$ 0.000379	\$ 0.000868	\$ 0.001033	\$ 0.000631	
PSC Assessment	\$ 0.000006	\$ 0.000014	\$ 0.000017	\$ 0.000010	
\$/KWH Surcharge	\$ 0.0003850	\$ 0.0008820	\$ 0.0010500	\$ 0.0006410	
JFJ-2-C 912 kWh Avg	0.350000	0.800000	0.960000	0.580000	
17-977 840 kWh Avg	0.320000	0.740000	0.880000	0.540000	
Forecast Spend	2,399,283	2,672,716	3,394,509	-	8,466,508

**Delmarva Delaware**

EEAC Surcharge Workpaper

Residential Energy Efficiency Programs

Computation of Annual Amortization and CCRF Cost Components

Vintage Year Forecast 2021

1 Year Recovery

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
					= (-Col 4 - Col 3) = Col 2 + Col 3 - x Composite Tax Col 4 Factor		= Col 5 + Col 7 Unamortized Ending Bal, net of Accum Deferred Tax		= Col 8 x (Col 9)/12 Composite Tax Factor)	
Month	Unamortized Beginning Balance	Additional Program Costs	Amortization	Unamortized Ending Balance	Deferred Tax Activity	Accumulated Deferred Tax	net of Accum Deferred Tax	CCRF Rate Net-of-Tax	Estimated CCRF Net-of-Tax	CCRF Adjusted for Income Tax
Jan-21	\$ 1,299,612	222,726	261,721	\$ 1,260,617	\$ (10,869)	\$ 362,241	\$ 937,371	3.80%	\$ 2,924	\$ 4,054
Feb-21	\$ 1,260,617	222,726	237,253	\$ 1,246,091	\$ (4,049)	\$ 347,323	\$ 898,768	3.80%	\$ 2,863	\$ 3,969
Mar-21	\$ 1,246,091	222,726	227,891	\$ 1,240,926	\$ (1,439)	\$ 345,884	\$ 895,043	3.80%	\$ 2,840	\$ 3,938
Apr-21	\$ 1,240,926	222,726	167,196	\$ 1,296,457	\$ 15,478	\$ 361,362	\$ 935,095	3.80%	\$ 2,898	\$ 4,018
May-21	\$ 1,296,457	222,726	148,362	\$ 1,370,821	\$ 20,728	\$ 382,089	\$ 988,732	3.80%	\$ 3,046	\$ 4,223
Jun-21	\$ 1,370,821	222,726	184,979	\$ 1,408,568	\$ 10,521	\$ 392,610	\$ 1,015,958	3.80%	\$ 3,174	\$ 4,401
Jul-21	\$ 1,408,568	222,726	243,571	\$ 1,387,724	\$ (5,810)	\$ 386,801	\$ 1,000,923	3.80%	\$ 3,193	\$ 4,427
Aug-21	\$ 1,387,724	222,726	292,146	\$ 1,318,304	\$ (19,349)	\$ 367,451	\$ 950,853	3.80%	\$ 3,090	\$ 4,285
Sep-21	\$ 1,318,304	222,726	229,039	\$ 1,311,992	\$ (1,759)	\$ 365,692	\$ 946,300	3.80%	\$ 3,004	\$ 4,165
Oct-21	\$ 1,311,992	222,726	167,386	\$ 1,367,332	\$ 15,425	\$ 381,117	\$ 986,215	3.80%	\$ 3,060	\$ 4,242
Nov-21	\$ 1,367,332	222,726	159,609	\$ 1,430,449	\$ 17,593	\$ 398,709	\$ 1,031,740	3.80%	\$ 3,195	\$ 4,430
Dec-21	\$ 1,430,449	222,726	205,454	\$ 1,447,721	\$ 4,814	\$ 403,524	\$ 1,044,198	3.80%	\$ 3,287	\$ 4,557
		2,672,716	2,524,607		41,283				36,574	50,708

**Delmarva Delaware**

EEAC Surcharge Workpaper

Residential Energy Efficiency Programs

Computation of Annual Amortization and CCRF Cost Components

Vintage Year Forecast 2022

1 Year Recovery

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
					= (-Col 4 - Col 3) = Col 2 + Col 3 - x Composite Tax Col 4 Factor					= Col 10 x 1/(1- Composite Tax Factor)
Month	Unamortized Beginning Balance	Additional Program Costs	Amortization	Unamortized Ending Balance	Deferred Tax Activity	Accumulated Deferred Tax	Unamortized Ending Bal, net of Accum Deferred Tax	CCRF Rate Net-of-Tax	Estimated CCRF Net-of-Tax	CCRF Adjusted for Income Tax
Jan-22	\$ 1,447,721	\$ 282,876	311,371	\$ 1,419,226	\$ (7,942)	\$ 403,524	\$ 1,044,198	3.80%	\$ 3,274	\$ 4,539
Feb-22	\$ 1,419,226	\$ 282,876	282,261	\$ 1,419,841	\$ 171	\$ 395,581	\$ 1,023,645	3.80%	\$ 3,242	\$ 4,495
Mar-22	\$ 1,419,841	\$ 282,876	271,123	\$ 1,431,594	\$ 3,276	\$ 399,028	\$ 1,032,566	3.80%	\$ 3,256	\$ 4,515
Apr-22	\$ 1,431,594	\$ 282,876	198,914	\$ 1,515,556	\$ 23,403	\$ 422,431	\$ 1,093,125	3.80%	\$ 3,366	\$ 4,666
May-22	\$ 1,515,556	\$ 282,876	176,507	\$ 1,621,925	\$ 29,648	\$ 452,079	\$ 1,169,845	3.80%	\$ 3,583	\$ 4,968
Jun-22	\$ 1,621,925	\$ 282,876	220,071	\$ 1,684,730	\$ 17,506	\$ 469,585	\$ 1,215,145	3.80%	\$ 3,776	\$ 5,236
Jul-22	\$ 1,684,730	\$ 282,876	289,777	\$ 1,677,828	\$ (1,924)	\$ 467,661	\$ 1,210,167	3.80%	\$ 3,840	\$ 5,324
Aug-22	\$ 1,677,828	\$ 282,876	347,568	\$ 1,613,136	\$ (18,032)	\$ 449,630	\$ 1,163,507	3.80%	\$ 3,758	\$ 5,211
Sep-22	\$ 1,613,136	\$ 282,876	272,489	\$ 1,623,523	\$ 2,895	\$ 452,525	\$ 1,170,998	3.80%	\$ 3,696	\$ 5,125
Oct-22	\$ 1,623,523	\$ 282,876	199,140	\$ 1,707,259	\$ 23,340	\$ 475,865	\$ 1,231,394	3.80%	\$ 3,804	\$ 5,274
Nov-22	\$ 1,707,259	\$ 282,876	189,888	\$ 1,800,247	\$ 25,919	\$ 501,783	\$ 1,298,464	3.80%	\$ 4,006	\$ 5,554
Dec-22	\$ 1,800,247	\$ 282,876	244,430	\$ 1,838,692	\$ 10,716	\$ 512,499	\$ 1,326,193	3.80%	\$ 4,156	\$ 5,762
		3,394,509	3,003,538		108,975				43,757	60,667



**Delmarva Delaware**

EEAC Surcharge Workpaper

Residential Energy Efficiency Programs

Computation of Annual Amortization and CCRF Cost Components

Vintage Year Forecast 2023

1 Year Recovery

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
					= (-Col 4 - Col 3) = Col 2 + Col 3 - x Composite Tax Col 4 Factor					= Col 10 x 1/(1- = Col 8 x (Col 9)/12 Composite Tax Factor)
Month	Unamortized Beginning Balance	Additional Program Costs	Amortization	Unamortized Ending Balance	Deferred Tax Activity	Accumulated Deferred Tax	Unamortized Ending Bal, net of Accum Deferred Tax	CCRF Rate Net-of-Tax	Estimated CCRF Net-of-Tax	CCRF Adjusted for Income Tax
Jan-23	\$ 1,838,692	\$ -	190,613	\$ 1,648,079	\$ (53,130)	\$ 512,499	\$ 1,326,193	3.80%	\$ 3,982	\$ 5,521
Feb-23	\$ 1,648,079	\$ -	172,793	\$ 1,475,286	\$ (48,163)	\$ 459,369	\$ 1,188,710	3.80%	\$ 3,567	\$ 4,945
Mar-23	\$ 1,475,286	\$ -	165,975	\$ 1,309,311	\$ (46,262)	\$ 411,207	\$ 1,064,079	3.80%	\$ 3,180	\$ 4,409
Apr-23	\$ 1,309,311	\$ -	121,770	\$ 1,187,541	\$ (33,941)	\$ 331,003	\$ 856,537	3.80%	\$ 2,851	\$ 3,953
May-23	\$ 1,187,541	\$ -	108,053	\$ 1,079,487	\$ (30,118)	\$ 300,886	\$ 778,602	3.80%	\$ 2,589	\$ 3,589
Jun-23	\$ 1,079,487	\$ -	134,722	\$ 944,766	\$ (37,551)	\$ 263,335	\$ 681,431	3.80%	\$ 2,312	\$ 3,205
Jul-23	\$ 944,766	\$ -	177,395	\$ 767,371	\$ (49,445)	\$ 213,890	\$ 553,481	3.80%	\$ 1,955	\$ 2,711
Aug-23	\$ 767,371	\$ -	212,772	\$ 554,599	\$ (59,306)	\$ 154,583	\$ 400,015	3.80%	\$ 1,510	\$ 2,093
Sep-23	\$ 554,599	\$ -	166,811	\$ 387,788	\$ (46,495)	\$ 108,088	\$ 279,699	3.80%	\$ 1,076	\$ 1,492
Oct-23	\$ 387,788	\$ -	121,909	\$ 265,879	\$ (33,980)	\$ 74,109	\$ 191,770	3.80%	\$ 746	\$ 1,035
Nov-23	\$ 265,879	\$ -	116,245	\$ 149,634	\$ (32,401)	\$ 41,708	\$ 107,926	3.80%	\$ 475	\$ 658
Dec-23	\$ 149,634	\$ -	149,634	\$ (0)	\$ (41,708)	\$ 0	\$ (0)	3.80%	\$ 171	\$ 237
		0	1,838,692		(512,499)				24,414	33,849

Capital Structure in PSC Docket No. 17-0977			
	Ratios	Cost Rate	Wtd Cost
Cost of Debt	49.48%	3.80%	1.88%
Cost of Equity	50.52%	9.70%	4.90%
	100.00%		6.78%

**Delmarva Power**

Computation of Delaware Tax Factors  
DPL Docket No. 17-0977

Line No.	Description	Statutory Tax Rate
1	Delaware Regulatory Tax and Bad Debt Expense	1.6190%
2	Delaware Income Tax Rate	8.700%
3	Federal Income Tax Rate	21.00%

Line No.	Description	Computation	Total Tax Factor	Income Tax Factor
4	Delaware Regulatory Tax and Bad Debt Expense Factor	line 1	1.6190%	0.0000%
5	Delaware Income Tax Factor	(100%-line 1) x line 2	8.5591%	8.7000%
6	Federal Income Tax Factor	(100% - (line 4 + line 5)) x line 3	18.8626%	19.1730%
7	Composite Tax Factor	line 4 + line 5 + line 6	29.0407%	27.8730%
8	Complement of Composite Tax Factor	100% - (line 4 + line 5 + line 6)	70.9593%	72.1270%
9	Revenue Conversion Factor		1.40926	1.38644

**Delmarva Power and Light - Delaware  
EE Surcharge**

Schedule (MTN-C)-2

Page 1 of 1

	STARTUP	PV1	PV2	PV3	TOTAL
Total Program Costs	45,331	2,353,952	2,672,716	3,394,509	8,466,508
	45,331	2,353,952	2,672,716	3,394,509	

**Monthly Sales Distribution**

	Res Monthly Factor R	RSH	R + RSH
Jan-20	0.103667951	174,171	133,391
Feb-20	0.093976159	149,532	129,276
Mar-20	0.090267844	154,243	113,564
Apr-20	0.066226429	131,708	64,773
May-20	0.058766428	124,996	49,352
Jun-20	0.073270472	161,593	55,785
Jul-20	0.096478713	202,947	83,286
Aug-20	0.115719395	251,974	91,342
Sep-20	0.090722602	191,740	77,415
Oct-20	0.066301839	143,893	52,812
Nov-20	0.063221397	122,111	65,454
Dec-20	0.081380772	141,290	100,150
		1,950,199	1,016,599
			2,966,797

Curr yr amortz =12 months/60 months amortiz\*66 incremental units of amortz spent in Yr

Jan		
Feb	1 =1	spent 1 month, 11 months left of spending
Mar	3 =1+2	spent 2 months, 10 months left of spending
Apr	6 =1+2+3	spent 3 months, 9 months left of spending
May	10 =1+2+3+4	spent 4 months, 8 months left of spending
Jun	15 =1+2+3+4+5	spent 5 months, 7 months left of spending
Jul	21 =1+2+3+4+5+6	spent 6 months, 6 months left of spending
Aug	28 =1+2+3+4+5+6+7	spent 7 months, 5 months left of spending
Sep	36 =1+2+3+4+5+6+7+8	spent 8 months, 4 months left of spending
Oct	45 =1+2+3+4+5+6+7+8+9	spent 9 months, 3 months left of spending
Nov	55 =1+2+3+4+5+6+7+8+9+10	spent 10 months, 2 months left of spending
Dec	66 =1+2+3+4+5+6+7+8+9+10+11	spent 11 months, 1 month left of spending